

# **River Clyde Homes**

## **Procurement Policy**

**Approved - April 2008**

**Review date – December 2011**

This policy can be made available on request in a variety of different formats, such as on tape, in large print and translated into other languages. This will be made available by River Clyde Homes at no additional charge. If you, or anyone you know, would benefit from this, please advise a member of staff – (contact details given)

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## **River Clyde Homes**

### **Procurement Policy**

#### **Aims and Objectives of the Policy**

River Clyde Homes has a duty to ensure probity, stewardship and best value in everything it does. River Clyde Homes values integrity and partnership and both of these values are fundamental to how we will procure the goods, services, works and assets that are required to deliver excellent service to our customers.

This policy will ensure that River Clyde Homes adheres to of the Scottish Housing Regulator's Performance Standard:

*'a systematic and accountable approach to finding the most cost-effective way of securing the quality of assets and services they need'*<sup>1</sup>.

Further performance standards on management systems, social inclusion, service delivery and communications, RSL governance and financial management also stress the importance of a systematic approach to procurement that allows informed judgments to be made about the impact of different options on the activities of individual RSLs and the services subsequently received by their tenants.

#### **Equal Opportunities and Governance**

River Clyde Homes is committed to achieving social justice and equality of opportunity in every area of its work, by aiming to ensure that all services are equally accessible, irrespective of disability, gender, racial or ethnic origin, age, religion, belief or sexual orientation. This will be achieved in procurement through requiring all employees, Board members and contractors to work in the context of our Equal Opportunities Policy. River Clyde Homes is also committed to achieving the highest standards of good governance and

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<sup>1</sup> Communities Scotland (2004) *Performance standards for social landlords and homelessness functions*, standard GS1.5: Procurement

all Procurement will be undertaken in the context of the River Clyde Homes' Governance policies.

### **3.0 What do we mean by procurement**

3.1 Procurement is the process by which the River Clyde Homes obtains goods, services and assets from third parties.

3.2 Each procurement decision will be informed by a range of financial and non-financial criteria (including full-life costs, fit with the River Clyde Homes' objectives, risk, quality of service, level of service, deliverability, sustainability, impact on other River Clyde Homes activities and supplier track record).

3.3 Appropriate evaluation criteria will be adopted for each procurement decision.

3.4 River Clyde Homes approach aims to ensure fairness, transparency and accountability.

3.5 River Clyde Homes will (and will be seen to) obtain value for money. It will operate within the law and within the rules of its legal constitution.

### **4.0 What is covered by this policy**

4.1 This policy covers all aspects of procurement undertaken by River Clyde Homes. It includes:

- the commissioning of advice and support from consultants, lawyers and other third party advisers
- the contracting of services to contractors and sub-contractors
- the purchasing of goods from suppliers and
- the purchasing of assets.

## 5.0 Roles and responsibilities for procurement

Roles and responsibilities for procurement within River Clyde Homes are as follows:

	<b>Roles and Responsibilities</b>
<b>Board</b>	<p>To agree and review River Clyde Homes procurement policy.</p> <p>To apply the policy in making procurement decisions.</p> <p>To ensure this policy is applied across the organisation.</p>
<b>The Chief Executive</b>	<p>To apply the policy in recommending procurement decisions to the Board.</p> <p>To apply the policy in practice in making any delegated procurement decisions.</p> <p>To recommend refinements to the policy to the Board based on learning from ongoing procurement decisions and in response to evolving statutory requirement and good practice guidance.</p> <p>To draw any breaches in application of the procurement policy to the attention of the Board.</p>
<b>Departmental Directors</b>	<p>To apply the policy in recommending procurement decisions to the Board.</p> <p>To apply the policy in practice in making any delegated procurement decisions.</p> <p>To recommend refinements to the policy to the Chief Executive based on learning from ongoing procurement decisions and in response to evolving statutory requirement and good practice guidance.</p> <p>To draw any breaches in application of the procurement policy to the attention of the Chief Executive.</p> <p>To monitor contractor/consultant/supplier performance against contract award criteria and report thereon to the Chief Executive</p> <p>To present an open and approachable image which encourages</p>

	<p>staff to report impropriety and which leaves them in no doubt that such matters will be dealt with confidentially and fairly</p>
<b>Lead Officer</b>	<p>To determine the need for the procurement, evaluate the procurement options available and progress the procurement in accordance with the Financial Regulations and the Scheme of Delegation attached at Annex 2, with the assistance of the Procurement Team as necessary.</p> <p>To draft and finalise the specification required in any tender documentation, the term of the contract and the evaluation criteria, with the assistance of the Procurement Team as necessary.</p> <p>To lead on the evaluation of all returns / quotes and make the recommendation for acceptance to the relevant person /body, with the assistance of the Procurement Team as necessary.</p> <p>To manage the procurement in relation to all operational and financial performance</p>
<b>Procurement Team</b>	<p>To develop Procurement Policy and Procedures and recommend amendments to the EMT.</p> <p>To promote collaborative contracts and act as RCH representative in/at such matters/meetings.</p> <p>To act as RCH representative at Scotland Excel meetings</p> <p>To provide support and advice to managers and staff</p> <p>To prepare, issue and receive PQQ/ tender documents and carry out evaluation with Lead Officer</p>
<b>Members of staff</b>	<p>To identify where goods, services or assets need to be procured and to ensure that this procurement is in compliance with this policy, the Financial Regulations and the Scheme of Delegation.</p> <p>To draw contractor/consultant/supplier performance issues to the attention of the appropriate Departmental Director and the Procurement Team</p> <p>To draw any breaches in application of the procurement policy to the attention of the Chief Executive</p>

## The procurement process

The procurement policy expects that a consistent seven-stage process will be applied in making all procurement decisions, progressing the contract and monitoring and reviewing subsequent contractor/consultant/supplier performance.

The stages are as follows:

1. Defining the need for the procurement of the goods, service or asset
2. Planning the appropriate procurement procedure, in consultation with the Procurement Team where the likely annual value will exceed £25000 or any other value set in the Financial Regulations from time to time
3. Implementing the procurement process
4. Awarding the contract
5. Monitoring the performance and impact of the procured goods or service.
6. Introducing any necessary action to either improve or correct any problems with the contract
7. reviewing the contract

1	Defining the need for the procurement of the goods, service or asset	The Lead Officer will define the need for the service, goods or asset, in line with River Clyde Homes' corporate plans. The Lead Officer will also consider the potential costs and associated risks associated with both progressing with the procurement exercise and choosing not to act. The Lead Officer will undertake an options appraisal (ensuring legal, contractual and regulatory compliance) to identify the preferred procurement option.
2	Planning the appropriate procurement procedure, in consultation with the Procurement Team where the likely annual value will exceed £25000 or any other value set in the Financial	The Lead Officer will procure the necessary goods, service, works or asset in accordance with the Financial Regulations and the Scheme of Delegation, with the assistance of the Procurement Team as necessary.

	Regulations from time to time	<p>In all cases where the projected annual spend is in excess of £25000, the Lead Officer will liaise with the Procurement Team to identify the preferred procurement route which ensures legal (including European law) and contractual compliance. Board authority will be gained prior to any tender or negotiation process being commenced.</p> <p>Tender processes may also be used for contracts of lesser value where appropriate.</p>
3	Implementing the procurement process	<p>Where the projected value of the contract is less than £25,000 pa, the preferred procurement route will be managed by the Lead Officer.</p> <p>Where the projected value of the contract is in excess of £25,000 pa, the preferred procurement route will be managed by the Procurement Team, with the Lead Officer leading on the evaluation of the returns, with support from the Procurement Team, where required. Any Evaluation Panel will consist of at least two River Clyde Homes' employees. Where a contract value is likely to exceed £100,000 annually, a Board member will be present at the tender opening and will form part of the Evaluation Panel.</p> <p>The Board may also be involved where it is perceived that the procurement presents significant risk to the organisation.</p>
4	Awarding the contract	<p>The contract will be awarded in accordance with the Financial Regulations and the Scheme of Delegation. Where the projected value of the contract is less than £25,000 pa, the contract award will be managed by the Lead Officer.</p> <p>Where the value exceeds £25000 pa, the contract award will be managed by the Procurement Team.</p> <p>All documentation relating to all procurement will be stored centrally by the Procurement Team.</p>
5	Monitoring the payment, performance and impact of the procured goods, asset or service.	<p>The Lead Officer will monitor the payment and operational and financial performance of the contract, with support from the Procurement Team, where required. All documentation</p>

		relating to all performance monitoring will be filed by the Lead Officer. A quarterly contract monitoring report will be made to the Board on the performance of all contracts which have resulted in spend of more than £25,000 in that quarter, or where there is considered to be particular risk.
6	Introducing any necessary action to either improve or correct any problems with the contract	The Lead Officer will monitor the operational and financial performance of the contract, with support from the Procurement Team, where required.
7	Reviewing the contract	Towards the end of the contract period, the Director, or his nominee, will review the impact of the contract nearing completion (against the criteria for initial contract award), the performance of the contractor in meeting the service specification, and the continued need for the good or service that was procured. This will form the basis for the subsequent business case (as step 1 of the procurement cycle is re-applied).

The process will be applied on a cyclical basis, *irrespective* of size or complexity of the service or good being procured. This will ensure that at the end of each contract period, the need for the service will be revisited prior to a further procurement exercise taking place.

### **Ensuring Compliance with the Procurement Checklist**

Annex 1 sets out a list of key questions that River Clyde Homes will apply in assessing all its procurement decisions. These questions are based on Scottish Housing Regulator's Performance Standard on procurement and will be updated to reflect any changes in this standard.

### **Using the Procurement Database**

River Clyde Homes will use a structured procurement database to support its effective and systematic management of its contracted services. The database will hold information on each contract in the following fields for internal use:

- contract name

- description of goods and/or services
- client contact in River Clyde Homes
- contractor name and contact details
- contract value
- contract duration/review cycle
- performance criteria.

Elements of the database may also be made available externally.

### **Conflicts of interest and other relevant considerations**

All employees and Board members will adhere to the organisation's Governance Policies at all times in relation to procurement, in particular the Disclosure of Interest Policy, the Openness and Confidentiality Policy, the Employee Code of Conduct / Board Code of Governance and the Gifts and Hospitality Policy.

### **Fair Competition**

Officers of River Clyde Homes will ensure that potential contractors/suppliers are treated fairly. River Clyde Homes will ensure that decision-making is transparent and minuted in a form that allows River Clyde Homes to be held to account for the decisions it makes. Where a Director feels pressurised to make a procurement decision that is contrary to fair competition they must bring this to the attention of the Chief Executive of River Clyde Homes.

### **Professionalism**

Members of the Board of Management and River Clyde Homes staff must aim to uphold and enhance the professional image of River Clyde Homes in all its procurement activities. This will include meeting contractual obligations and making the relevant Director aware of any shortcomings in their skills or understanding that inhibit their ability to act in an informed and appropriate manner.

### **Review date**

This Policy will be reviewed in December 2011.



**ANNEX 1: PROCUREMENT CHECKLIST :-**

*We have a systematic and accountable approach to finding the most cost-effective way of securing the quality of assets and services we need.*

	Yes/No	Reference	Comment
<p>When we procure services and supplies for property management, development or other activities, do we follow a sound procurement strategy which:</p> <p><b>reflects Communities Scotland's Procurement Guidance and other good practice as appropriate? and</b></p> <p><b>is consistent with the aims of Communities Scotland's Procurement Guidance for example in terms of:</b></p> <p>working towards becoming good practice            construction clients; and            considering initiatives such as volume procurement and partnering?</p>			
<p>Can we demonstrate a clear rationale for using our selected procurement routes?</p>			
<p>Do we consider quality as well as cost in the assessment process?</p>			

	Yes/No	Reference	Comment
Do our procurement policy and practices comply with legislation?			
Do we have clear internal controls governing delegated authority and do we follow these consistently?			
Do we follow robust tendering procedures, and are these supported by standard documentation, which articulates clearly our requirements?			
Do we define our standards clearly through contracts?			
Do we seek an appropriate range of contractor information as part of the tendering process?			
Can we demonstrate clear audit trails for all appointments?			
Do we manage contracts effectively?			
Do we monitor performance and take corrective action where this is required?			

Do we carry out thorough reviews of contractor performance, and can we show clear links between performance reviews and subsequent procurement decisions?			
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**Annex 2**

**To follow**